GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3732
ANSWERED ON:17.04.2008
PRICES OF STEEL
Gandhi Smt. Maneka

Will the Minister of STEEL be pleased to state:

(a) whether the steel prices of all varieties have increased by more than 40% in the last one month;

(b) if so, the details thereof and reasons therefor;

(c) the action taken by the Government to bring down these prices;

(d) whether the Government proposes to reduce or withdraw the custom duties to ease the imports of steel; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA)

(a) The retail prices of a representative category of steel items at four metros on 1st March 2008 and 11th April 2008 is given in the annex. The data in the table indicates that there is a wide fluctuation in price movement of different steel products.

(b) The rise in price of steel is attributable to various factors both in the supply side as well as the demand side. On the supply side, rise in price of steel can be attributed to a steep rise in the price of critical input materials such as iron ore, coking coal and metcoke in domestic and international markets. On the demand side the mismatch in demand and supply is the main reason for the rise in steel prices.

(c) In a liberalized scenario the price of steel is determined by the interplay of the market forces. Nonetheless, the Government has taken the following measures for stabilizing the steel prices in the domestic market:

(i) The Government has over the years reduced the import duty on steel to the current level of 5%.
(ii) The import duties on steel making inputs have also been reduced over the years and also exempted in case of coking coal. In case of iron ore it has been reduced to 2%.
(iii) In the Union Budget Proposal 2008-09, the import duty on melting scrap has been reduced from 5% to NIL.
(iv) In order to ease the supply of iron ore to domestic steel producers Government has imposed an export duty at the rate of Rs.300 per tonne on export of all varieties iron ore lumps. Export duty has also been imposed at the rate of Rs 300 per tonne on export of iron ore fines with more than 62% Fe content and at the rate of Rs.50 per tonne on export of iron ore fines with less than 62% Fe content.
(v) General Rate of Excise Duty has also been reduced from 16% to 14% in the Union Budget Proposal 2008-09.
(vi) DEPB benefits on export of various categories of steel products have been withdrawn w.e.f. 27.03.2008.

(d)&(e): The Government is closely monitoring the movement in steel prices and will take appropriate fiscal measures, if necessary.